

California Implements Paid Family Leave Benefits

With the new year, California launched the Paid Family Leave insurance program signed into law in September of 2002. This new program will provide a partial wage replacement to employees who must provide care for a seriously ill family member or who need time to bond with a new child. This employee-paid benefit is actually an expansion of the State Disability Insurance (SDI) program, and will replace approximately 55 percent of lost wages for up to six weeks during a one-year period. On January 1, 2004, the SDI tax increased .08 percent to help pay the initial cost of Paid Family Leave, and the Employment Development Department (EDD) will administer these benefits beginning July 1, 2004.

As might be expected of any first-in-the-nation program, there could be some confusion over how it will operate. Through EDD's Web site, brochures, and other materials, EDD staff hopes to educate California employers and their employees about this new benefit. It is paramount that workers have a clear understanding of what this benefit provides so they can make well-informed choices before deciding to use Paid Family Leave.

One point of confusion is whether an employee receiving Paid Family Leave benefits has a right to return to their job. Paid Family Leave does **not** provide job protection or return rights. An employee receiving Paid Family Leave benefits, just like a person receiving SDI benefits, does not have any job protection. An employee's job **may** be protected, however, **if** the employee and his or her employer are subject to provisions of the federal Family Medical Leave Act (FMLA) or the California Family Rights Act (CFRA). Small businesses not subject to these laws need not guarantee job protection to an employee electing to use Paid Family Leave.

There are a number of requirements employees will have to meet in order to claim benefits. Employees must notify their employer of their reason for taking leave in a manner consistent with their company's leave policy. There is a seven-

day waiting period before benefits are paid, and an employer may require the employee to use up to two weeks of accrued vacation leave prior to receiving benefits. A medical certificate will be required when a claim is filed to provide care for a seriously ill family member. Among other details, it must also state that the serious health condition warrants the participation of the employee to provide care. A separate certification must be completed for leave associated with the birth, adoption, or foster care placement of a child.

Employers may be wondering what kind of usage to expect among their employees. The U.S. Commission on Leave found that about 20 percent of (FMLA-covered) employees surveyed desired leave to care for a new child or a seriously ill loved one, and that the vast majority of this group took it. The Commission also found that 3.4 percent of those surveyed desired such leave but did not take it, mostly because they could not afford the loss of income. Paid Family Leave benefits are designed to provide financial relief to these workers to temporarily provide care.

Together, EDD, employers, and employees can make this program successful for all Californians. Paid Family Leave benefits will allow more employees to provide care for a parent with a critical illness, a spouse who needs chemotherapy, a child recovering from surgery, or to bond with a newborn or adopted child. The program should also allow employees to return to work more able to focus on their work responsibilities.

The EDD will be doing its part to ensure that employers and employees know what to expect when Paid Family Leave benefits become available. Our Web site (www.edd.ca.gov) holds a wealth of information on Paid Family Leave insurance, as well as access to periodic e-mail updates. The nation will be watching California as it implements this new employee-paid benefit.

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